

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

AIR QUALITY OPERATING PERMIT

Permit No. AQ0211TVP02
Application No. 000211

Issue Date: June 21, 2007
Expiration Date: July 20, 2012

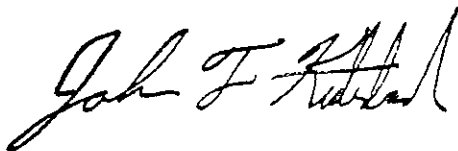
The Department of Environmental Conservation, under the authority of AS 46.14 and 18 AAC 50, issues an operating permit to the Permittee, **Kodiak Electric Association**, for the operation of the **Kodiak Generating Station**.

This permit satisfies the obligation of the owner and operator to obtain an operating permit as set out in AS 46.14.130(b).

As set out in AS 46.14.120(c), the Permittee shall comply with the terms and conditions of this operating permit.

Upon the effective date of this permit, Operating Permit No. AQ0211TVP01 expires.

This Operating Permit becomes effective July 21, 2007.



John F. Kuterbach, Manager
Air Permits Program

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List of Abbreviations Used in this Permit

AAC	Alaska Administrative Code
ADEC	Alaska Department of Environmental Conservation
AS	Alaska Statutes
ASTM	American Society for Testing and Materials
BACT	Best Available Control Technology
BHp	Boiler Horsepower
C.F.R.	Code of Federal Regulations
The Act	Clean Air Act
CO	Carbon Monoxide
dscf	Dry standard cubic foot
EPA	US Environmental Protection Agency
EU	Emission Unit
gr./dscf	grain per dry standard cubic foot (1 pound = 7000 grains)
GPH	gallons per hour
HAPs	Hazardous Air Pollutants [<i>HAPs</i> as defined in AS 46.14.990(14)]
ID	Emission Unit Identification Number
kPa	kiloPascals
LAER	Lowest Achievable Emission Rate
MACT	Maximum Achievable Control Technology as defined in 40 C.F.R. 63.
MR&R	Monitoring, Recordkeeping, and Reporting
NESHAP	Federal National Emission Standards for Hazardous Air Pollutants [<i>NESHAP</i> as contained in 40 C.F.R. 61 and 63]
NO _x	Nitrogen Oxides
NSPS	Federal New Source Performance Standards [<i>NSPS</i> as contained in 40 C.F.R. 60]
O & M	Operation and Maintenance
O ₂	Oxygen
PAL	Plant wide Applicability Limitation
PM-10	Particulate Matter less than or equal to a nominal ten microns in diameter
ppm	Parts per million
ppmv, ppmvd	Parts per million by volume on a dry basis
psia	Pounds per Square Inch (absolute)
PSD	Prevention of Significant Deterioration
PTE	Potential to Emit
SIC	Standard Industrial Classification
SO ₂	Sulfur dioxide
TPH	Tons per hour
TPY	Tons per year
VOC	volatile organic compound [<i>VOC</i> as defined in 40 C.F.R. 51.100(s)]
VOL	volatile organic liquid [<i>VOL</i> as defined in 40 C.F.R. 60.111b, Subpart Kb]
vol%	volume percent
wt%	weight percent

Section 1. Stationary Source Information

Identification

Names and Addresses

Permittee:	Kodiak Electric Association P.O. Box 787 Kodiak, Alaska 99615-0787
Stationary Source Name:	Kodiak Generating Station
Location:	Latitude 57° 47' 25" North; Longitude 152° 23' 42" West
Physical Address:	615 Sargent Drive Kodiak, Alaska
Owner:	Kodiak Electric Association P.O. Box 787 Kodiak, Alaska 99615-0787
Operator:	Kodiak Electric Association P.O. Box 787 Kodiak, Alaska 99615-0787
Permittee's Responsible Official	Mr. Darron Scott, President/CEO
Designated Agent:	Mr. Darron Scott, President/CEO P.O. Box 787 Kodiak, Alaska 99615-0787
Stationary Source and Building Contact:	Jennifer Richcreek, Executive Assistant P.O. Box 787 Kodiak, Alaska 99615-0787 (907) 486-7700 jrichcreek@kodiak.coop
Fee Contact: and Building Contact:	Jennifer Richcreek, Executive Assistant P.O. Box 787 Kodiak, Alaska 99615-0787

Stationary Source Process Description

SIC Code of the Stationary Source:	4911 Electrical Services [18 AAC 50.040(j)(3) and 50.326(a), 10/1/04] [40 C.F.R. 71.5(c)(1 & 2), 7/1/03]
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Section 2. Emission Unit Inventory and Description

[18 AAC 50.040(j)(3) and 50.326(a), 10/1/04]

[40 C.F.R. 71.5(c)(3), 7/1/03]

Emission units (EU) listed in Table 1 have specific monitoring, record keeping, or reporting conditions in this permit. Emission unit descriptions and ratings are given for identification purposes only.

Table 1 - Emission Unit Inventory

EU ID	Emission Unit Name	Emission Unit Description	Rating/size	Installation Date
1	DeLaval DSRS-12-3	Diesel Electric Generator	2,500 kW	Prior to 1977
2c	Caterpillar 3616	Diesel Electric Generator	4,400 kW	May 24, 2005
3c	Caterpillar 3616	Diesel Electric Generator	4,400 kW	May 25, 2005
4	DeLaval DSRS 16-4	Diesel Electric Generator	7,070 kW	Prior to 1977
5	Caterpillar D353-D	Standby Diesel Electric Generator	250 kW	1985
6	Make & Model unknown	Diesel Fuel Oil Storage Tank	20,000 gallons	Prior to 1977
7	Make & Model unknown	Diesel Fuel Oil Storage Tank	20,000 gallons	Prior to 1977

Table Notes:

EU ID(s) 2c and 3c were installed under the authority of Construction Permit No. 211CP01

Section 3. State Requirements

Visible Emissions Standards

- 1. Industrial Process and Fuel-Burning Equipment Visible Emissions.** The Permittee shall comply with the following:

- 1.1 The Permittee shall not cause or allow visible emissions, excluding condensed water vapor, emitted from EU ID(s) 1, 2c, 3c, 4, and 5 listed in Table 1 to reduce visibility through the exhaust effluent by any of the following:

- a. more than 20 percent for a total of more than three minutes in any one hour¹;
[18 AAC 50.040(e) & (j) and 50.326(j), 10/1/04; and 18 AAC 50.055(a)(1), 1/18/97]
[40 C.F.R. 52.70 and 71.6(a)(1), 7/1/03]
- b. more than 20 percent averaged over any six consecutive minutes².
[18 AAC 50.040(j) & 50.326(j), 10/1/04; and 18 AAC 50.055(a)(1), 5/3/02]
[40 C.F.R. 71.6(a)(1), 7/1/03]

- 1.2 For EU ID(s) 1, 2c, 3c, and 4 monitor, record, and report in accordance with conditions 2 - 4.

- 1.3 For EU ID 5, if this emission unit is not operated in excess of 400 hours per calendar year, monitoring shall consist of an annual certification of compliance with the opacity standard.

- 1.4 For EU ID 5, if this emission unit is operated in excess of 400 hours per calendar year, monitor, record, and report in accordance with conditions 2 - 4.

Visible Emissions Monitoring, Recordkeeping and Reporting

Liquid Fuel-fired Sources (EU ID(s) 1, 2c, 3c, 4, and 5)

- 2. Visible Emissions Monitoring.** The Permittee shall observe the exhaust of EU ID(s) 1, 2c, 3c, 4, and 5 for visible emissions using either the Method 9 Plan under condition 2.1 or the Smoke/No-Smoke Plan under condition 2.2. The Permittee may change visible-emissions plans for an emission unit at any time unless prohibited from doing so by condition 2.3.

[18 AAC 50.040(j), 50.326(j) & 50.346(c), 10/1/04]
[40 C.F.R. 71.6(a)(3)(i), 7/1/03]

¹ For purposes of this permit, the "more than three minutes in any one hour" criterion in this condition will no longer be effective when the Air Quality Control (18 AAC 50) regulation package effective May 3, 2002 is adopted by the U.S. EPA.

² The six-minute average standard is enforceable only by the state until 18 AAC 50.055(a)(1), dated May 3, 2002, is approved by EPA into the SIP at which time this standard becomes federally enforceable.

2.1 **Method 9 Plan.** For all 18-minute observations in this plan, observe exhaust, following 40 C.F.R. 60, Appendix A-4, Method 9, adopted by reference in 18 AAC 50.040(a), for 18 minutes to obtain 72 consecutive 15-second opacity observations.

- a. First Method 9 Observation. Observe exhaust for 18 minutes within six months after the issue date of this permit or within 14 calendar days after changing from the Smoke/No-Smoke Plan of condition 2.2, whichever is later.
- b. Monthly Method 9 Observations. After the first Method 9 observation, perform 18-minute observations at least once in each calendar month that a source operates.
- c. Semiannual Method 9 Observations. After observing emissions for three consecutive operating months under condition 2.1b, unless a six-minute average is greater than 15 percent and one or more observations are greater than 20 percent, observe emissions at least semiannually for 18 minutes.

Semiannual observations must be taken between four and seven months after the previous set of observations.

- d. Annual Method 9 Observations. After at least two semiannual 18-minute observations, unless a six-minute average is greater than 15 percent and one or more individual observations are greater than 20 percent, observe emissions at least annually.

Annual observations must be taken between 10 and 13 months after the previous observations and must include at least three 18-minute sets of observations.

- e. Increased Method 9 Frequency. If a six-minute average opacity is observed during the most recent set of observations to be greater than 15 percent and one or more observations are greater than 20 percent, then increase or maintain the 18-minute observation frequency for that source to at least monthly intervals, until the criteria in condition 2.1c for semiannual monitoring are met.

2.2 **Smoke/No Smoke Plan.** Observe the exhaust for the presence or absence of visible emissions, excluding condensed water vapor.

- a. Initial Monitoring Frequency. Observe the exhaust during each calendar day that a source operates.
- b. Reduced Monitoring Frequency. After the source has been observed on 30 consecutive operating days, if the source operated without visible smoke in the exhaust for those 30 days, then observe emissions at least once in every calendar month that a source operates.
- c. Smoke Observed. If smoke is observed, either begin the Method 9 Plan of condition 2.1 or perform the corrective action required under condition 2.3.

2.3 Corrective Actions Based on Smoke/No Smoke Observations. If visible emissions are present in the exhaust during an observation performed under the Smoke/No Smoke Plan of condition 2.2, then the Permittee shall either follow the Method 9 plan of condition 2.1 or

- a. initiate actions to eliminate smoke from the source within 24 hours of the observation;
- b. keep a written record of the starting date, the completion date, and a description of the actions taken to reduce smoke; and
- c. after completing the actions required under condition 2.3a,
 - (i) take Smoke/No Smoke observations in accordance with condition 2.2
 - (A) at least once per day for the next seven operating days and until the initial 30 day observation period is completed; and
 - (B) continue as described in condition 2.2b; or
 - (ii) if the actions taken under condition 2.3a do not eliminate the smoke, or if subsequent smoke is observed under the schedule of condition 2.3c(i)(A), then observe the exhaust using the Method 9 Plan unless the Department gives written approval to resume observations under the Smoke/No Smoke Plan; after observing smoke and making observations under the Method 9 Plan, the Permittee may at any time take corrective action that eliminates smoke and restart the Smoke/No Smoke Plan under condition 2.2a.

3. Visible Emissions Recordkeeping. The Permittee shall keep the following records.

[18 AAC 50.040(j), 50.326(j) & 50.346(c), 10/1/04]
[40 C.F.R. 71.6(a)(3)(ii), 7/1/03]

3.1 If using the Method 9 Plan of condition 2.1

- a. the observer shall record
 - (i) the name of the stationary source, emission unit and location, stationary source type, observer's name and affiliation, and the date on the Visible Emissions Field Data Sheet in Section 10;
 - (ii) the time, estimated distance to the emissions location, approximate wind direction, estimated wind speed, description of the sky condition (presence and color of clouds), plume background, and operating rate (load or fuel consumption rate) on the sheet at the time opacity observations are initiated and completed;
 - (iii) the presence or absence of an attached or detached plume and the approximate distance from the emissions outlet to the point in the plume at which the observations are made;

- (iv) opacity observations to the nearest five percent at 15-second intervals on the Visible Emissions Observation in Section 10, and
 - (v) the minimum number of observations required by the permit; each momentary observation recorded shall be deemed to represent the average opacity of emissions for a 15-second period;
 - b. to determine the six-minute average opacity, divide the observations recorded on the record sheet into sets of 24 consecutive observations; sets need not be consecutive in time and in no case shall two sets overlap; for each set of 24 observations, calculate the average by summing the opacity of the 24 observations and dividing this sum by 24; record the average opacity on the sheet;
 - c. calculate and record the highest 18-consecutive-minute averages observed.
- 3.2 If using the Smoke/No Smoke Plan of condition 2.2, record the following information in a written log for each observation and submit copies of the recorded information upon request of the Department:
- a. the date and time of the observation;
 - b. from Table 1, the ID of the source observed;
 - c. whether visible emissions are present or absent in the exhaust;
 - d. a description of the background to the exhaust during the observation;
 - e. if the source starts operation on the day of the observation, the startup time of the source;
 - f. name and title of the person making the observation; and
 - g. operating rate (load or fuel consumption rate).

4. Visible Emissions Reporting. The Permittee shall report visible emissions as follows.

[18 AAC 50.040(j), 50.326(j) & 50.346(c), 10/1/04]
[40 C.F.R. 71.6(a)(3)(iii), 7/1/03]

4.1 Include in each stationary source operating report under condition 49

- a. which visible-emissions plan of condition 2 was used for each source; if more than one plan was used, give the time periods covered by each plan;
- b. for each source under the Method 9 Plan,
 - (i) copies of the observation results (i.e. opacity observations) for each source that used the Method 9 Plan, except for the observations the Permittee has already supplied to the Department; and

(ii) a summary to include:

- (A) number of days observations were made;
 - (B) highest six-minute average observed; and
 - (C) dates when one or more observed six-minute averages were greater than 20 percent;
- c. for each source under the Smoke/No Smoke Plan, the number of days that Smoke/No Smoke observations were made and which days, if any, that smoke was observed; and
 - d. a summary of any monitoring or record keeping required under conditions 2 and 3 that was not done;

4.2 Report under condition 48:

- a. the results of Method 9 observations that exceed an average 20 percent for any six-minute period; and
- b. if any monitoring under condition 2 was not performed when required, report within three days of the date the monitoring was required.

Particulate Matter Emissions Standards

5. **Industrial Process and Fuel-Burning Equipment Particulate Matter.** The Permittee shall not cause or allow particulate matter emitted from EU ID(s) 1, 2c, 3c, 4, and 5 listed in Table 1 to exceed 0.05 grains per cubic foot of exhaust gas corrected to standard conditions and averaged over three hours.

[18 AAC 50.040(j) & 50.326(j), 10/1/04; and 18 AAC 50.055(b)(1), 1/18/97]
[40 C.F.R. 71.6(a)(1), 7/1/03]

- 5.1 For EU ID(s) 1, 2c, 3c, 4, and 5, monitor, record and report in accordance with conditions 6 - 8.
- 5.2 For EU ID(s) 1, 2c, 3c, 4, and 5, the Permittee must annually certify compliance under condition 50 with the particulate matter standard.

[18 AAC 50.040(j), 50.326(j) & 50.346(c), 10/1/04]
[40 C.F.R. 71.6(a)(3), 7/1/03]

PM Monitoring, Recordkeeping and Reporting

Liquid-Fired Sources (EU ID(s) 1, 2c, 3c, 4, and 5)

- 6. Particulate Matter Monitoring for Diesel Engines.** The Permittee shall conduct source tests on diesel engines, to determine the concentration of particulate matter (PM) in the exhaust of a source in accordance with this condition 6.

[18 AAC 50.040(j), 50.326(j) & 50.346(c), 10/1/04]
[40 C.F.R. 71.6(a)(3)(i), 7/1/03]

- 6.1 Within six months of exceeding the criteria of conditions 6.2a or 6.2b, either

- a. conduct a PM source test according to requirements set out in Section 5; or
- b. make repairs so that emissions no longer exceed the criteria of condition 6.2; to show that emissions are below those criteria, observe emissions as described in condition 2.1 under load conditions comparable to those when the criteria were exceeded.

- 6.2 Conduct the test according to condition 6.1 if

- a. 18 consecutive minutes of Method 9 observations result in an 18-minute average opacity greater than 20 percent; or
- b. for a source with an exhaust stack diameter that is less than 18 inches, 18 consecutive minutes of Method 9 observations result in an 18-minute average opacity that is greater than 15 percent and not more than 20 percent, unless the Department has waived this requirement in writing.

- 6.3 During each one-hour PM source test run, observe the exhaust for 60 minutes in accordance with Method 9 and calculate the average opacity that was measured during each one-hour test run. Submit a copy of these observations with the source test report.

- 6.4 The automatic PM source test requirement in conditions 6.1 and 6.2 is waived for an emissions unit if a PM source test on that unit has shown compliance with the PM standard during this permit term.

- 7. Particulate Matter Record Keeping for Diesel Engines.** Within 180 calendar days after the effective date of this permit, the Permittee shall record the exhaust stack diameter(s) of EU ID(s) 2c and 3c from Table 1. Report the stack diameter(s) in the next operating report under condition 49.

[18 AAC 50.040(j), 50.326(j) & 50.346(c), 10/1/04]
[40 C.F.R. 71.6(a)(3)(ii), 7/1/03]

- 8. Particulate Matter Reporting for Diesel Engines.** The Permittee shall report as follows:

[18 AAC 50.040(j), 50.326(j) & 50.346(c), 10/1/04]
[40 C.F.R. 71.6(a)(3)(iii), 7/1/03]

- 8.1 Report under condition 48

- a. the results of any PM source test that exceeds the PM emissions limit; or
 - b. if one of the criteria of condition 6.2 was exceeded and the Permittee did not comply with either condition 6.1a or 6.1b, this must be reported by the day following the day compliance with condition 6.1 was required;
- 8.2 Report observations in excess of the threshold of condition 6.2b within 30 days of the end of the month in which the observations occur;
- 8.3 In each stationary source operating report under condition 49, include
- a. the dates, EU ID(s), and results when an observed 18-minute average was greater than an applicable threshold in condition 6.2;
 - b. a summary of the results of any PM testing under condition 6; and
 - c. copies of any visible emissions observation results (opacity observations) greater than the thresholds of condition 6.2, if they were not already submitted.

Sulfur Compound Emission Standards Requirements

9. **Sulfur Compound Emissions.** In accordance with 18 AAC 50.055(c), the Permittee shall not cause or allow sulfur compound emissions, expressed as SO₂, from EU ID(s) 1, 2c, 3c, 4 and 5 to exceed 500 ppm averaged over three hours.

[18 AAC 50.040(j) & 50.326(j), 10/1/04; and 18 AAC 50.055(c), 1/18/97]
[40 C.F.R. 71.6(a)(1), 7/1/03]

For fuel oil³, EU ID(s) 1, 2c, 3c, 4, and 5

- 9.1 The Permittee shall comply with the fuel sulfur content limit of condition 12.1.⁴
- 9.2 The Permittee shall monitor and keep records as required by condition 12.2.
- 9.3 The Permittee shall include receipts from the fuel supplier or sulfur testing results in the operating report as required by condition 49.
- 9.4 The Permittee shall submit an excess emissions and permit deviation report as required by condition 13.2 or if the fuel limit in condition 9.1 is exceeded.

³ *Oil* means crude oil or petroleum or a liquid fuel derived from crude oil or petroleum, including distillate and residual oil, as defined in 40 C.F.R. 60.42b, effective 7/1/03.

⁴ Compliance with the fuel sulfur limit of Condition 12.1 will assure compliance with the 500 ppm SO₂ emission limit of condition 9.

Pre-Construction Permit Requirements

- 10. Owner Requested Limits to Avoid Classification as PSD Major.** The Permittee shall limit EU ID(s) 2c and 3c as well as existing EU ID(s) 1 and 4 to a total of 549.26 tons nitrogen oxides (NO_x) and 36.55 tons sulfur dioxide (SO₂) per consecutive 12-month period. These limits became effective upon the initial start up of the first of EU ID(s) 2c or 3c (May 24, 2005).

[18 AAC 50.040(j) & 50.326(j), 10/01/04]

[40 C.F.R. 71.6(a), 7/1/03]

[Condition 5, Construction Permit No. 211CP01, 1/14/05]

- 11. Monitoring NO_x Emissions.** The Permittee shall monitor compliance with the NO_x limit in condition 10 as set out below:

11.1 For EU ID(s) 1, 2c, 3c, and 4 equip each unit with instrumentation that records hours of operation and power production (kW) with an accuracy of 1 percent.

11.2 Monitor and record the engine hours of operation and the power production (load) in 15-minute intervals for each of EU ID(s) 1, 2c, 3c, and 4 using the instrument as set out by condition 11.1.

11.3 Calculate and record the monthly NO_x emission rates (tons/month) for each of EU ID(s) 1, and 4, and upon the initial start up of either EU ID(s) 2c or 3c as follows:

- a. based on the hours of operation recorded in condition 11.2 and the emission rate as set out in Table 2, expressed as lb/hr; or
- b. based on the hours of operation and power production (kW) recorded as set out in condition 11.2, a load-factor (L) derived by dividing the power production by the maximum nominal rating of the EU as set out in Table 2, and the emission rate equation as set out in Table 2 expressed as lb/kWhr ;

**Table 2 – Emission Factors for Diesel Electric Generators,
EU ID(s) 1, 2c, 3c and 4**

EU	Description	NOX Emission Factors		Maximum Nominal Rating/Size
		lb/hr Condition 11.3(a)	Emissions vs Load (L) Condition 11.3(b)	
1 ⁵	DeLaval DSRS 12-3	79	$0.0452 - 0.0135 * L^{1.966}$	2,500 kW
2c ⁶	Caterpillar 3616	109.6	$1.1184 * L - 1.463$	4,400 kW
3c ⁷	Caterpillar 3616	109.6	$1.1184 * L - 1.463$	4,400 kW
4 ⁸	DeLaval DSRS 16-4	238	$-0.0768 + 0.11 * L^{0.029}$	7,070 kW

11.4 Calculate and record the monthly total emissions (tons/month) and total emissions (tons/12 months) of each consecutive 12-month period using data derived from condition 11.3. For the purpose of this section, the consecutive 12-month periods start on the date of the initial start up of either EU ID(s) 2c or 3c, whichever comes first.

[Note of Explanation: The consecutive 12-month calculations of fuel consumption and total emissions are rolling calculations, e.g. calculations for EU ID(s) 2c and 3c would begin with the 12 month period May 2005 through April 2006. The next consecutive 12-month period would be June 2005 through May 2006, then July 2005 through June 2006, and so on for each consecutive 12-month period.]

[Condition 6, Construction Permit No. 211CP01. 1/12/05]

12. Monitoring SO₂ Emissions. The Permittee shall monitor compliance with the SO₂ limit in condition 10 as set out below:

12.1 For EU ID(s) 1, 2c, 3c, and 4, the Permittee shall not allow the sulfur content of the burned fuel to exceed 0.5 percent by weight.⁹

⁵ For EU(s) 1 and 4, the NO_x emission factors were derived from source test results. The monthly NO_x emission rate may be calculated by Condition 11.3(a) using NO_x emission factor expressed as lb/hr or calculated by Condition 11.3(b) using the NO_x emission factor versus load (L) expressed as NO_x lb/kWhr. In NO_x emission factor versus load, L is input as a decimal fraction of percent full load (i.e. 100% = 1).

⁶ For EU(s) 2c and 3c, the NO_x emission factors were derived from source test results on EU 3c conducted September 1, 2005. The monthly NO_x emission rate may be calculated by Condition 11.3(a) using NO_x emission factor expressed as lb/hr or calculated by Condition 11.3(b) using the NO_x emission factor versus load (L) expressed as NO_x lb/hr. In NO_x emission factor versus load, L is input as percent of full load (i.e. 100% = 100).

⁷ See footnote 6.

⁸ See footnote 5.

⁹ The 0.5 percent by weight fuel sulfur requirement is a PSD avoidance limit established in Construction Permit 211CP01

- 12.2 The Permittee shall obtain and keep a record of a certificate or receipt from the fuel supplier certifying the sulfur content and density for each shipment of fuel delivered to the stationary source. If a receipt is not available from the supplier, analyze a representative sample of the fuel to determine the sulfur content using ASTM method D 129-00, D 1266-98, D 1552-95, D 2622-98, D 4294-98, D 4045-99, or an alternative method approved by the Department.
- 12.3 Monitor and record the total monthly diesel fuel consumption at a consistent time each month for EU ID(s) 1, 2c, 3c, and 4 (gallons/month). Calculate and record the total diesel fuel consumption (gallons/12 months) for each consecutive 12-month period. For the purpose of this section, the consecutive 12-month period starts on the date of the initial start up of either EU ID(s) 2c or 3c, whichever comes first.
- 12.4 Calculate and record the total SO₂ emissions (tons/12 months) for EU ID(s) 1, 2c, 3c, and 4 using the formula below. For the purpose of this section, the consecutive 12-month period starts on the date of the initial start up of the first of either EU ID(s) 2c or 3c.

$$\text{SO}_2 \text{ Emissions (tons/12-months)} = ((\text{TFC} * \text{DFD}) / 2000) / (100)) * S * 2$$

Where: TFC = total fuel consumption per condition 12.3 (gallons/12-months)

DFD = diesel fuel density per condition 12.2 (lb/gallon fuel)

S = percent sulfur content of diesel fuel by weight per condition 12.2 (%).

[Condition 7, Construction Permit 211CP01, 1/12/05]

13. Reporting. The Permittee shall report compliance with condition 10 as set out below:

- 13.1 Report the consecutive 12-month emission totals for NO_x and SO₂ and as set out by conditions 11.4 and 12.4 in the operating report as required by condition 49.
- 13.2 Report as an excess emission and permit deviation if the consecutive 12-month emission totals exceed the limits in condition 10, or if the monitoring, recordkeeping and reporting requirements are deviated from for conditions 11 through 13 as set out by condition 48.

[Condition 8, Construction Permit 211CP01, 1/12/05]

14. Kirk Key: Maintain and operate the "Kirk Key" interlocking switches on the Station Service Load to prevent simultaneous operation of EU ID 5 while all EU ID(s) 1, 2c, 3c, and 4 are operating online. Do not operate EU ID 5 during any period when the Kirk Key interlocking switches are inoperable. The purpose of this condition is to avoid the requirements of the PSD permit program resulting from the installation of EU ID 5.

- 14.1 Record and report any period when the interlocking device is inoperable in accordance with conditions 48 and 49.

[Condition 10, Construction Permit 211CP01, 1/12/05]

Insignificant Emission Units

- 15.** For emission units at the stationary source that are insignificant as defined in 18 AAC 50.326(d)-(i) that are not listed in this permit, the following apply:
- 15.1 The Permittee shall submit the compliance certifications of condition 50 based on reasonable inquiry;
- 15.2 The Permittee shall comply with the requirements of condition 29; and
- 15.3 The Permittee shall report in the operating report required by condition 49 if an emission unit is insignificant because of actual emissions less than the thresholds of 18 AAC 50.326(e) and actual emissions become greater than any of those thresholds.
[18 AAC 50.346(b)(4), 10/1/04]
- 16.** The Permittee shall not cause or allow visible emissions, excluding condensed water vapor, emitted from an industrial process, fuel-burning equipment, or an incinerator to reduce visibility through the exhaust effluent by any of the following:
- 16.1 more than 20 percent for a total of more than three minutes in any one hour¹⁰;
[18 AAC 50.050(a)(2) & 50.055(a)(1), 1/18/97]
[40 C.F.R. 52.70, 7/1/03]
- 16.2 more than 20 percent averaged over any six consecutive minutes
- 16.3 ¹¹.
- [18 AAC 50.050(a) & 50.055(a)(1), 5/03/02]
- 17.** The Permittee shall not cause or allow particulate matter emitted from an industrial process or fuel-burning equipment to exceed 0.05 grains per cubic foot of exhaust gas corrected to standard conditions and averaged over three hours.
[18 AAC 50.055(b)(1), 1/18/97]
- 18.** The Permittee shall not cause or allow sulfur compound emissions, expressed as SO₂, from an industrial process or fuel-burning equipment, to exceed 500 ppm averaged over three hours.
18 AAC 50.055(c), 1/18/97]General Conditions

¹⁰ See Footnote 1.

¹¹ See Footnote 2.

Section 4. General Conditions

Standard Terms and Conditions

19. Each permit term and condition is independent of the permit as a whole and remains valid regardless of a challenge to any other part of the permit.

[18 AAC 50.326(j)(3), 10/1/04 & 50.345(a) & (e), 5/03/02]

20. The permit may be modified, reopened, revoked and reissued, or terminated for cause. A request by the Permittee for modification, revocation and re-issuance, or termination or a notification of planned changes or anticipated noncompliance does not stay any permit condition.

[18 AAC 50.326(j)(3), 10/1/04 & 50.345(a) & (f), 5/03/02]

21. The permit does not convey any property rights of any sort, nor any exclusive privilege.

[18 AAC 50.326(j)(3), 10/1/04 & 50.345(a) & (g), 5/03/02]

22. **Administration Fees.** The Permittee shall pay to the Department all assessed permit administration fees. Administration fee rates are set out in 18 AAC 50.400-405.

[18 AAC 50.326(j)(1), 18 AAC 50.400-405, 1/29/05, AS 37.10.052(b), 2000, AS 46.14.240 6/7/03]

23. **Assessable Emissions.** The Permittee shall pay to the Department an annual emission fee based on the stationary source's assessable emissions as determined by the Department under 18 AAC 50.410. The assessable emission fee rate is set out in 18 AAC 50.410(b). The Department will assess fees per ton of each air pollutant that the stationary source emits or has the potential to emit in quantities greater than 10 tons per year. The quantity for which fees will be assessed is the lesser of

23.1 the stationary source's assessable potential to emit of 727.3 TPY, or

23.2 the stationary source's projected annual rate of emissions that will occur from July 1 to the following June 30, based upon actual annual emissions emitted during the most recent calendar year or another 12-month period approved in writing by the Department, when demonstrated by:

- a. an enforceable test method described in 18 AAC 50.220;
- b. material balance calculations;
- c. emission factors from EPA's publication AP-42, Vol. I, adopted by reference in 18 AAC 50.035; or
- d. other methods and calculations approved by the Department.

[18 AAC 50.040(j)(3), 50.326(j)(1), & 50.346(b)(1), 10/1/04 and 50.410 – 50.420, 12/14/06]
[40 C.F.R. 71.5(c)(3)(ii), 7/1/03]

24. Assessable Emission Estimates. Emission fees will be assessed as follows:

24.1 no later than March 31 of each year, the Permittee may submit an estimate of the stationary source's assessable emissions to ADEC, Air Permits Program, ATTN: Assessable Emissions Estimate, 410 Willoughby Ave., Ste 303, P.O. Box 111800, Juneau, AK 99811-1800; the submittal must include all of the assumptions and calculations used to estimate the assessable emissions in sufficient detail so the Department can verify the estimates; or

24.2 if no estimate is received on or before March 31 of each year, emission fees for the next fiscal year will be based on the potential to emit set forth in condition 23.1.

[18 AAC 50.040(j)(3), 50.326(j)(1), & 50.346(b)(1), 10/1/04 and 50.410 – 50.420, 12/14/06
[40 C.F.R. 71.5(c)(3)(ii), 7/1/03]

25. Good Air Pollution Control Practice. The Permittee shall do the following for EU ID(s) 1, 2c, 3c, 4, and 5:

- a. perform regular maintenance considering the manufacturer's or the operator's maintenance procedures;
- b. keep records of any maintenance that would have a significant effect on emissions; the records may be kept in electronic format; and
- c. keep a copy of either the manufacturer's or the operator's maintenance procedures.

[18 AAC 50.030, 50.326(j)(3), & 50.346(b)(5), 10/1/04]

26. Dilution. The Permittee shall not dilute emissions with air to comply with this permit.

[18 AAC 50.045(a), 1/18/97]

27. Reasonable Precautions to Prevent Fugitive Dust. A person who causes or permits bulk materials to be handled, transported, or stored, or who engages in an industrial activity or construction project shall take reasonable precautions to prevent particulate matter from being emitted into the ambient air.

[18 AAC 50.045(d), 1/18/97; and 18 AAC 50.040(e), 50.326(j)(3), & 50.346(c), 10/1/04]

27.1 The Permittee shall keep records of

- a. complaints received by the Permittee and complaints received by the Department and conveyed to the Permittee; and
- b. any additional precautions that are taken
 - (i) to address complaints described in condition 27.1 or to address the results of Department inspections that found potential problems; and

- (ii) to prevent future dust problems.

27.2 The Permittee shall report according to condition 29.

- 28. Stack Injection.** The Permittee shall not release materials other than process emissions, products of combustion, or materials introduced to control pollutant emissions from a stack at a source constructed or modified after November 1, 1982, except as authorized by a construction permit, Title V permit, or air quality control permit issued before October 1, 2004.

[18 AAC 50.055(g), 10/1/04]

- 29. Air Pollution Prohibited.** No person may permit any emission which is injurious to human health or welfare, animal or plant life, or property, or which would unreasonably interfere with the enjoyment of life or property.

[18 AAC 50.110, 5/26/72; and 18 AAC 50.040(e), 50.326(j)(3), & 50.346(a), 10/1/04]
[40 C.F.R. 71.6(a)(3), 7/1/03]

29.1 If emissions present a potential threat to human health or safety, the Permittee shall report any such emissions according to condition 48.

29.2 As soon as practicable after becoming aware of a complaint that is attributable to emissions from the stationary source, the Permittee shall investigate the complaint to identify emissions that the Permittee believes have caused or are causing a violation of condition 29.

29.3 The Permittee shall initiate and complete corrective action necessary to eliminate any violation identified by a complaint or investigation as soon as practicable if

- a. after an investigation because of a complaint or other reason, the Permittee believes that emissions from the stationary source have caused or are causing a violation of condition 29; or
- b. the Department notifies the Permittee that it has found a violation of condition 29.

29.4 The Permittee shall keep records of

- a. the date, time, and nature of all emissions complaints received;
- b. the name of the person or persons that complained, if known;
- c. a summary of any investigation, including reasons the Permittee does or does not believe the emissions have caused a violation of condition 29; and
- d. any corrective actions taken or planned for complaints attributable to emissions from the stationary source.

29.5 With each stationary source operating report under condition 49, the Permittee shall include a brief summary report which must include

- a. the number of complaints received;
- b. the number of times the Permittee or the Department found corrective action necessary;
- c. the number of times action was taken on a complaint within 24 hours; and
- d. the status of corrective actions the Permittee or Department found necessary that were not taken within 24 hours.

29.6 The Permittee shall notify the Department of a complaint that is attributable to emissions from the stationary source within 24 hours after receiving the complaint, unless the Permittee has initiated corrective action within 24 hours of receiving the complaint.

- 30. Technology-Based Emission Standard.** If an unavoidable emergency, malfunction, or non-routine repair, as defined in 18 AAC 50.235(d), causes emissions in excess of a technology-based emission standard¹² listed in condition 32 (refrigerants), the Permittee shall take all reasonable steps to minimize levels of emissions that exceed the standard. Excess emissions reporting under condition 48 requires information on the steps taken to minimize emissions. Monitoring of compliance for this condition consists of the report required under condition 48.

[18 AAC 50.235(a), 1/18/97 and 50.040(j)(4) & 50.326(j)(4), 10/1/04]
[40 C.F.R. 71.6(c)(6), 7/1/03]

- 31. Asbestos NESHAP.** The Permittee shall comply with the requirements set forth in 40 C.F.R. 61.145, 61.150, and 61.152 of Subpart M, and the applicable sections set forth in 40 C.F.R. 61, Subpart A and Appendix A.

[18 AAC 50.040(b)(1) & (2)(F), and 50.326(j), 10/1/04]
[40 C.F.R. 61, Subparts A & M, and Appendix A, 7/1/03]

- 32. Refrigerant Recycling and Disposal.** The Permittee shall comply with the standards for recycling and emission reduction of refrigerants set forth in 40 C.F.R. 82, Subpart F.

[18 AAC 50.040(d) & 50.326(j), 10/1/04]
[40 C.F.R. 82, Subpart F, 7/1/03]

¹² *Technology-based emission standard* means a best available control technology standard (BACT); a lowest achievable emission rate standard (LAER); a maximum achievable control technology standard established under 40 C.F.R. 63, Subpart B, adopted by reference in 18 AAC 50.040(c); a standard adopted by reference in 18 AAC 50.040(a) or (c); and any other similar standard for which the stringency of the standard is based on determinations of what is technologically feasible, considering relevant factors.

33. NESHAPS Applicability Determinations. The Permittee shall determine rule applicability and designation of affected sources under National Emissions Standards for Hazardous Air Pollutants (NESHAPs) for Source Categories (40 C.F.R. 63) in accordance with the procedures described in 40 C.F.R. 63.1(b). If a source becomes affected by an applicable subpart of 40 C.F.R. 63, Permittee shall comply with such standard by the compliance date established by the Administrator in the applicable subpart.

33.1 The Permittee must keep a record of the applicability determination on site for a period of 5 years after the determination or until the source changes its operations to become an affected source, whichever comes first. The record of the applicability determination must be signed by the person making the determination and include an analysis (or other information) that demonstrates why the Permittee believes the source is unaffected. The analysis (or other information) must be sufficiently detailed to allow the Department to make a finding about the source's applicability status with regard to the relevant standard or other requirement.

[18 AAC 50.040(c)(1), 50.040(j) & 50.326(j), 10/1/04]

[40 C.F.R. 71.6(a)(3)(ii), 7/1/03]

[40 C.F.R. 63.1(b), 63.6(c)(1) & 63.10(b), 2/03/04]

Section 5. General Source Testing and Monitoring Requirements

- 34. Requested Source Tests.** In addition to any source testing explicitly required by the permit, the Permittee shall conduct source testing as requested by the Department to determine compliance with applicable permit requirements.
[18 AAC 50.220(a), 1/18/97 & 18 AAC 50.345(a) & (k), 5/03/02]
- 35. Operating Conditions.** Unless otherwise specified by an applicable requirement or test method, the Permittee shall conduct source testing
[18 AAC 50.220(b), 1/18/97]
- 35.1 at a point or points that characterize the actual discharge into the ambient air; and
- 35.2 at the maximum rated burning or operating capacity of the source or another rate determined by the Department to characterize the actual discharge into the ambient air.
- 36. Reference Test Methods.** The Permittee shall use the following as reference test methods when conducting source testing for compliance with this permit:
- 36.1 Source testing for compliance with requirements adopted by reference in 18 AAC 50.040(a) must be conducted in accordance with the methods and procedures specified in 40 C.F.R. 60.
[18 AAC 50.220(c)(1)(A), 1/18/97 & 18 AAC 50.040(a), 10/1/04]
[40 C.F.R. 60, 7/1/03]
- 36.2 Source testing for compliance with requirements adopted by reference in 18 AAC 50.040(b) must be conducted in accordance with the methods and procedures specified in 40 C.F.R. 61.
[18 AAC 50.040(b), 10/1/04; & 50.220(c)(1)(B), 1/18/97]
[40 C.F.R. 61, 7/1/03]
- 36.3 Source testing for compliance with requirements adopted by reference in 18 AAC 50.040(c) must be conducted in accordance with the source test methods and procedures specified in 40 C.F.R. 63.
[18 AAC 50.040(c), 10/1/04; 18 AAC 50.220(c)(1)(C), 1/18/97]
[40 C.F.R. 63, 2/03/04]
- 36.4 Source testing for the reduction in visibility through the exhaust effluent must be conducted in accordance with the procedures set out in Reference Method 9 and may use the form in Section 10 to record data.
[18 AAC 50.030, 5/03/02, 18 AAC 50.220(c)(1)(D), 1/18/97]

36.5 Source testing for emissions of total particulate matter, sulfur compounds, nitrogen compounds, carbon monoxide, lead, volatile organic compounds, fluorides, sulfuric acid mist, municipal waste combustor organics, metals, and acid gases must be conducted in accordance with the methods and procedures specified in 40 C.F.R. 60, Appendix A.

[18 AAC 50.040(a)(3), 10/1/04 & 18 AAC 50.220(c)(1)(E), 1/18/97]
[40 C.F.R. 60, Appendix A, 7/1/03]

36.6 Source testing for emissions of PM-10 must be conducted in accordance with the procedures specified in 40 C.F.R. 51, Appendix M, Methods 201 or 201A and 202.

[18 AAC 50.035(b)(2), 10/1/04; and 50.220(c)(1)(F), 1/18/97]
[40 C.F.R. 51, Appendix M, 7/01/03]

36.7 Source testing for emissions of any pollutant may be determined using an alternative method approved by the Department in accordance with 40 C.F.R. 63 Appendix A, Method 301.

[18 AAC 50.040(c)(24), 10/1/04 & 50.220(c)(2), 1/18/97]
[40 C.F.R. 63, Appendix A, Method 301, 2/03/04]

37. **Excess Air Requirements.** To determine compliance with this permit, standard exhaust gas volumes must include only the volume of gases formed from the theoretical combustion of the fuel, plus the excess air volume normal for the specific source type, corrected to standard conditions (dry gas at 68° F and an absolute pressure of 760 millimeters of mercury).

[18 AAC 50.220(c)(3), 1/18/97 & 50.990(102), 10/1/04]

38. **Test Exemption.** The Permittee is not required to comply with conditions 40, 41 and 42 when the exhaust is observed for visible emissions by Method 9 Plan (condition 2.1) or Smoke/No Smoke Plan (condition 2.2).

[18 AAC 50.345(a), 5/03/02]

39. **Test Deadline Extension.** The Permittee may request an extension to a source test deadline established by the Department. The Permittee may delay a source test beyond the original deadline only if the extension is approved in writing by the Department's appropriate division director or designee.

[18 AAC 50.345(a) & (l), 5/03/02]

40. **Test Plans.** Except as provided in condition 38, before conducting any source tests, the Permittee shall submit a plan to the Department. The plan must include the methods and procedures to be used for sampling, testing, and quality assurance and must specify how the source will operate during the test and how the Permittee will document that operation. The Permittee shall submit a complete plan within 60 days after receiving a request under condition 34 and at least 30 days before the scheduled date of any test unless the Department agrees in writing to some other time period. Retesting may be done without resubmitting the plan.

[18 AAC 50.345(a) & (m), 5/03/02]

41. **Test Notification.** Except as provided in condition 38, at least 10 days before conducting a source test, the Permittee shall give the Department written notice of the date and the time the source test will begin.

[18 AAC 50.345(a) & (n), 5/03/02]

- 42. Test Reports.** Except as provided in condition 38, within 60 days after completing a source test, the Permittee shall submit two copies of the results in the format set out in the *Source Test Report Outline*, adopted by reference in 18 AAC 50.030. The Permittee shall additionally certify the results in the manner set out in condition 45. If requested in writing by the Department, the Permittee must provide preliminary results in a shorter period of time specified by the Department.

[18 AAC 50.345(a) & (o), 5/03/02]

- 43. Particulate Matter Calculations.** In source testing for compliance with the particulate matter standards in condition 5, the three-hour average is determined using the average of three one-hour test runs.

[18 AAC 50.220(f), 1/18/97]

Section 6. General Recordkeeping and Reporting Requirements

Recordkeeping Requirements

- 44. Recordkeeping Requirements.** The Permittee shall keep all records required by this permit for at least five years after the date of collection, including:

[18 AAC 50.326(j), 10/1/04]
[40 C.F.R 71.6(a)(3)(ii)(B), 7/1/03]

- 44.1 copies of all reports and certifications submitted pursuant to this section of the permit; and
- 44.2 records of all monitoring required by this permit, and information about the monitoring including:
 - a. the date, place, and time of sampling or measurements;
 - b. the date(s) analyses were performed;
 - c. the company or entity that performed the analyses;
 - d. the analytical techniques or methods used;
 - e. the results of such analyses; and,
 - f. the operating conditions as existing at the time of sampling or measurement.

Reporting Requirements

- 45. Certification.** The Permittee shall certify all reports, compliance certifications, or other documents submitted to the Department and required under the permit by including the signature of a responsible official for the permitted stationary source following the statement: "Based on information and belief formed after reasonable inquiry, I certify that the statements and information in and attached to this document are true, accurate, and complete." Excess emission reports must be certified either upon submittal or with an operating report required for the same reporting period. All other reports and other documents must be certified upon submittal.

- 45.1 The Department may accept an electronic signature on an electronic application or other electronic record required by the Department if
 - a. a certifying authority registered under AS 09.25.510 verifies that the electronic signature is authentic; and
 - b. the person providing the electronic signature has made an agreement, with the certifying authority described in condition 45.1a, that the person accepts or agrees to be bound by an electronic record executed or adopted with that signature,

[18 AAC 50.345(a) & (j), 5/3/02; 18 AAC 50.205 & 50.326(j), 10/1/04]
[40 C.F.R. 71.6(a)(3)(iii)(A), 7/1/03]

- 46. Submittals.** Unless otherwise directed by the Department or this permit, the Permittee shall send two copies of reports, compliance certifications, and other submittals required by this permit to ADEC, Air Permits Program, 610 University Ave., Fairbanks, AK 99709-3643, ATTN: Compliance Technician. The Permittee may, upon consultation with the Compliance Technician regarding software compatibility, provide electronic copies of data reports, emission source test reports, or other records under a cover letter certified in accordance with condition 45.

[18 AAC 50.326(j), 10/1/04]
[40 C.F.R. 71.6(a)(3)(iii)(A), 7/1/03]

- 47. Information Requests.** The Permittee shall furnish to the Department, within a reasonable time, any information the Department requests in writing to determine whether cause exists to modify, revoke and reissue, or terminate the permit or to determine compliance with the permit. Upon request, the Permittee shall furnish to the Department copies of records required to be kept by the permit. The Department may require the Permittee to furnish copies of those records directly to the federal administrator.

[18 AAC 50.345(a) & (j), 5/3/02; 18 AAC 50.200, and 50.326(a) & (j), 10/1/04]
[40 C.F.R. 71.5(a)(2) & 71.6(a)(3), 7/1/03]

48. Excess Emissions and Permit Deviation Reports.

[18 AAC 50.235(a)(2), 50.240(c), 50.326(j)(3), and 50.346(b)(2) & (3), 10/1/04]

- 48.1 Except as provided in condition 29, the Permittee shall report all emissions or operations that exceed or deviate from the requirements of this permit as follows:

- a. in accordance with 18 AAC 50.240(c), as soon as possible after the event commenced or is discovered, report
 - (i) emissions that present a potential threat to human health or safety; and
 - (ii) excess emissions that the Permittee believes to be unavoidable;
- b. in accordance with 18 AAC 50.235(a), within two working days after the event commenced or was discovered, report an unavoidable emergency, malfunction, or non-routine repair that causes emissions in excess of a technology based emission standard;
- c. report all other excess emissions and permit deviations
 - (i) within 30 days of the end of the month in which the emissions or deviation occurs, except as provided in conditions 48.1c(ii) and 48.1c(iii);
 - (ii) if a continuous or recurring excess emissions is not corrected within 48 hours of discovery, within 72 hours of discovery unless the Department provides written permission to report under condition 48.1c(i); and

(iii) for failure to monitor, as required in other applicable conditions of this permit.

48.2 The Permittee must report using either the department's on-line form, which can be found at <http://www.dec.state.ak.us/air/ap/docs/c4.pdf>, or if the Permittee prefers, the form contained in Section 11 of this permit. The Permittee must provide all information called for by the form that is used.

48.3 If requested by the Department, the Permittee shall provide a more detailed written report as requested to follow up an excess emissions report.

49. Operating Reports. During the life of this permit, the Permittee shall submit to the Department one original and one copy of an operating report by August 1 for the period January 1 to June 30 of the current year and by February 1 for the period July 1 to December 31 of the previous year.

[18 AAC 50.346(b)(6) & 50.326(j), 10/1/04]
[40 C.F.R. 71.6(a)(3)(iii)(A), 7/1/03]

49.1 The operating report must include all information required to be in operating reports by other conditions of this permit.

49.2 If excess emissions or permit deviations that occurred during the reporting period are not reported under condition 49.1, either

a. the Permittee shall identify:

- (i) the date of the deviation;
- (ii) the equipment involved;
- (iii) the permit condition affected;
- (iv) a description of the excess emissions or permit deviation; and
- (v) any corrective action or preventive measures taken and the date of such actions; or

b. when excess emissions or permit deviations have already been reported under condition 48 the Permittee may cite the date or dates of those reports.

49.3 The operating report must include a listing of emissions monitored under conditions 2.1e, and 2.2c, which trigger additional testing or monitoring, whether or not the emissions monitored exceed an emission standard. The Permittee shall include in the report

- a. the date of the emissions;
- b. the equipment involved;

- c. the permit condition affected; and
- d. the monitoring result which triggered the additional monitoring.

50. Annual Compliance Certification. Each year by March 31, the Permittee shall compile and submit to the Department one original and one copy of an annual compliance certification report.

50.1 Certify the compliance status of the stationary source over the preceding calendar year consistent with the monitoring required by this permit, as follows:

- a. identify each term or condition set forth in Section 3 through Section 8, that is the basis of the certification;
- b. briefly describe each method used to determine the compliance status;
- c. state whether compliance is intermittent or continuous; and
- d. identify each deviation and take it into account in the compliance certification;

50.2 In addition, submit a copy of the report directly to the EPA-Region 10, Office of Air Quality, M/S OAQ-107, 1200 Sixth Avenue, Seattle, WA 98101.

[18 AAC 50.205 & 50.326(j), 10/1/04 & 50.345(a) & (j), 5/03/02]

[40 C.F.R. 71.6(c)(5), 7/1/03]

51. NSPS and NESHAP Reports. The Permittee shall:

- 51.1 attach to the facility operating report required by condition 49, copies of any NSPS and NESHAPs reports submitted to the U.S. Environmental Protection Agency (EPA) Region 10; and
- 51.2 upon request by the Department, notify and provide a written copy of any EPA-granted waiver of the federal emission standards, record keeping, monitoring, performance testing, or reporting requirements, or approved custom monitoring schedules.

[18 AAC 50.326(j)(4), 12/1/04, 18 AAC 50.040(j), 12/3/05]

[40 CFR 71.6(c)(6), 7/1/04]

Section 7. Permit Changes and Renewal

- 52. Emissions Trading:** No permit revision shall be required under any approved economic incentives, marketable permits, emissions trading and other similar programs or processes for changes that are provided for in the permit.

[18 AAC 50.040(j)(4) and 50.326(j), 10/1/04]
[40 C.F.R. 71.6(a)(8), 7/1/03]

- 53. Off Permit Changes.** The Permittee may make changes that are not addressed or prohibited by this permit other than those subject to the requirements of 40 CFR part 72 through 78 or those that are modifications under any provision of Title I of the Act to be made without a permit modification, provided that the following requirements are met:

[18 AAC 50.040(j)(4) and 50.326(j), 10/1/04]
[40 C.F.R. 71.6(a)(12), 7/1/03]

- 53.1 Each such change shall meet all applicable requirements and shall not violate any existing permit term or condition;
- 53.2 Provide contemporaneous written notice to the Department (and EPA, in the case of a program delegated pursuant to 40 CFR 71.10) of each such change, except for changes that qualify as insignificant under 18 AAC 50.326(d) – (i). Such written notice shall describe each such change, including the date, any change in emissions, pollutants emitted, and any applicable requirement that would apply as a result of the change;
- 53.3 The change shall not qualify for the shield under 40 CFR 71.6(f);
- 53.4 The Permittee shall keep a record describing changes made at the source that result in emissions of a regulated air pollutant subject to an applicable requirement, but not otherwise regulated under the permit, and the emissions resulting from those changes.
- 54. Operational Flexibility.** The Permittee may make changes within the stationary source without requesting a permit modification if the changes are not modifications under any provision of Title I of the Act and the changes do not exceed the emissions allowable under this permit (whether expressed therein as a rate of emissions or in terms of total emissions):
- 54.1 The Permittee shall provide the Department with a notification no less than 7 days in advance of the proposed change.
- 54.2 For each such change, the written notification required above shall include a brief description of the change within the permitted facility, the date on which the change will occur, any change in emissions, and any permit term or condition that is no longer applicable as a result of the change.
- 54.3 The permit shield described in 40 CFR 71.6(f) shall not apply to any change made pursuant to condition 54.

[18 AAC 50.040(j)(4) and 50.326(j), 10/1/04]
[40 C.F.R. 71.6(a)(13), 7/1/03]

- 55. Permit Renewal.** To renew this permit, the Permittee shall submit an application under 18 AAC 50.326 no sooner than **January 20, 2011** and no later than **January 20, 2012 the expiration date of this permit, shall complete the renewal application before the permit expiration date listed on the cover page of this permit.** Permit expiration terminates the source's right to operate unless a timely and complete renewal application has been submitted consistent with 40 CFR 71.7(b) and 71.5(a)(1)(iii).

[18 AAC 50.040(j)(3) and 50.326(c)(2) & (j)(2), 10/1/04]
[40 CFR 71.5(a)(1)(iii) and 71.7(b) & (c)(1)(ii), 7/1/03]

Section 8. Compliance Requirements

General Compliance Requirements

- 56.** Compliance with permit terms and conditions is considered to be compliance with those requirements that are:
- 56.1 included and specifically identified in the permit; or
 - 56.2 determined in writing in the permit to be inapplicable.
[18 AAC 50.326(j)(3), 10/1/04 & 50.345(a) & (b), 5/03/02]
- 57.** The Permittee must comply with each permit term and condition. Noncompliance with a permit term or condition constitutes a violation of AS 46.14.120(c), 18 AAC 50, and, except for those terms or conditions designated in the permit as not federally enforceable, the Clean Air Act, and is grounds for:
- 57.1 an enforcement action;
 - 57.2 permit termination, revocation and re-issuance, or modification in accordance with AS 46.14.280; or
 - 57.3 denial of an operating permit renewal application.
[18 AAC 50.326(j)(3), 10/1/04 & 50.345(a) & (c), 5/03/02]
- 58.** It is not a defense in an enforcement action to claim that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with a permit term or condition.
[18 AAC 50.326(j)(3), 10/1/04 & 50.345(a) & (d), 5/03/02]
- 59.** The Permittee shall allow the Department or an inspector authorized by the Department, upon presentation of credentials and at reasonable times with the consent of the owner or operator to:
- 59.1 enter upon the premises where a source subject to the permit is located or where records required by the permit are kept;
 - 59.2 have access to and copy any records required by the permit;
 - 59.3 inspect any stationary source, equipment, practices, or operations regulated by or referenced in the permit; and
 - 59.4 sample or monitor substances or parameters to assure compliance with the permit or other applicable requirements.
[18 AAC 50.326(j)(3) and 50.345(a) & (h), 10/1/04]

Compliance Schedule

60. For applicable requirements with which the **Kodiak Generating Station** is in compliance, the Permittee will continue to comply with such requirements.

[18 AAC 50.040(j) & 50.326(j), 10/1/04]
[40 CFR 71.6(c)(3) & 71.5(c)(8)(iii)(A)]

61. For applicable requirements that will become effective during the permit term, the Permittee shall meet such requirements on a timely basis.

[18 AAC 50.040(j) & 50.326(j), 10/1/04]
[40 CFR 71.6(c)(3) & 71.5(c)(8)(iii)(B)]

Section 9. Permit As Shield from Inapplicable Requirements

In accordance with AS 46.14.290, and based on information supplied in the stationary source application, this section of the permit contains the requirements determined by the Department not to be applicable to the **Kodiak Generating Station**.

62. Nothing in this permit shall alter or affect the following:

62.1 The provisions of section 303 of the Act (emergency orders), including the authority of the Administrator under that section; or

62.2 The liability of an owner or operator of a source for any violation of applicable requirements prior to or at the time of permit issuance.

[18 AAC 50.326(j), 10/1/04]
[40 C.F.R. 71.6(f)(3)(i) and (ii), 7/1/03]

63. The Department has determined that EU ID(s) 6 and 7, the fuel storage tanks are not subject to the requirements set forth in 40 C.F.R. 60, Subparts K, Ka, and Kb. This determination is based upon certification by the Permittee that EU ID(s) 6 and 7 storage capacities were too small to apply to Subparts K and Ka, and were installed prior to the applicability dates of Subpart K, Ka, and Kb.

[18 AAC 50.326(j), 10/1/04]
[40 C.F.R. 71.6(f)(1)(ii), 7/1/03]

Section 10. Visible Emissions Forms

Visible Emissions Field Data Sheet

Certified Observer: _____

Company &
Stationary Source: _____

Location: _____

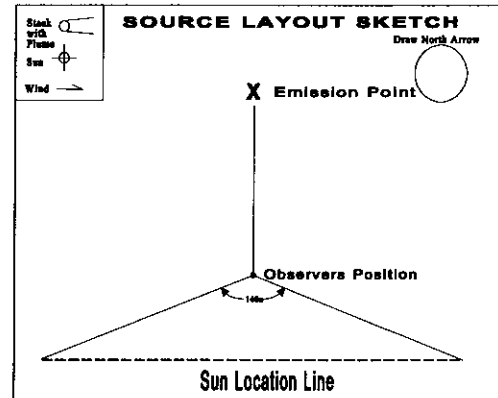
Test No.: _____ Date: _____

Source: _____

Production Rate/Operating Rate: _____

Unit Operating Hours: _____

Hrs. of observation: _____



Clock Time	Initial				Final
Observer location					
Distance to discharge					
Direction from discharge					
Height of observer point					
Background description					
Weather conditions					
Wind Direction					
Wind speed					
Ambient Temperature					
Relative humidity					
Sky conditions: (clear, overcast, % clouds, etc.)					
Plume description:					
Color					
Distance visible					
Water droplet plume? (Attached or detached?)					
Other information					

Page ____ of ____

Clock time

Certified By and Date

In compliance with six-minute opacity limit? (Yes or No) _____

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Section 11. ADEC Notification Form¹³

Excess Emissions and Permit Deviation Reporting
State of Alaska Department of Environmental Conservation
Division of Air Quality

Stationary Source Name

Air Quality Permit Number

Company Name

When did you discover the Excess Emissions/Permit Deviation?

Date: / / Time: :

When did the event/deviation?

Begin: Date: / / Time: : (please use 24hr clock)

End: Date: / / Time: : (please use 24hr clock)

What was the duration of the event/deviation: : (hrs:min) or days
(total # of hrs, min, or days, if intermittent then include only the duration of the actual emissions/deviation)

Reason for notification: (please check only 1 box and go to the corresponding section)

☐ Excess Emissions Complete Section 1 and Certify

☐ Deviation from Permit Conditions Complete Section 2 and Certify

☐ Deviation from COBC, CO, or Settlement Agreement Complete Section 2 and Certify

Section 1. Excess Emissions

(a) Was the exceedance ☐ Intermittent or ☐ Continuous

(b) Cause of Event (Check one that applies):

☐ Start Up/Shut Down

☐ Natural Cause (weather/earthquake/flood)

☐ Control Equipment Failure

☐ Scheduled Maintenance/Equipment Adjustments

☐ Bad fuel/coal/gas

☐ Upset Condition

☐ Other

(c) Description

Describe briefly what happened and the cause. Include the parameters/operating conditions exceeded, limits, monitoring data and exceedance.

(d) Emission unit(s) Involved:

Identify the emission units involved in the event, using the same identification number and name as in the permit. Identify each emission standard potentially exceeded during the event and the exceedance.

<u>EU ID</u>	<u>Emission Unit Name</u>	<u>Permit Condition Exceeded/Limit/Potential Exceedance</u>

¹³ Revised as of December 6, 2004

(e) Type of Incident (please check only one):

- | | | |
|--|--|---|
| <input type="checkbox"/> Opacity % | <input type="checkbox"/> Venting (gas/scf) | <input type="checkbox"/> Control Equipment Down |
| <input type="checkbox"/> Fugitive Emissions | <input type="checkbox"/> Emission Limit Exceeded | <input type="checkbox"/> Record Keeping Failure |
| <input type="checkbox"/> Marine Vessel Opacity | <input type="checkbox"/> Failure to monitor/report | <input type="checkbox"/> Flaring |
| <input type="checkbox"/> Other: | | |

(f) Unavoidable Emissions:

- Do you intend to assert that these excess emissions were unavoidable? ☐ YES ☐ NO
- Do you intend to assert the affirmative defense of 18 AAC 50.235? ☐ YES ☐ NO

Certify Report (go to end of form)

Section 2. Permit Deviations

(a) Permit Deviation Type (check one only) (check boxes correspond with sections in permit)

- ☐ Emission Unit Specific
- ☐ General Source Test/Monitoring Requirements
- ☐ Recordkeeping/Reporting/Compliance Certification
- ☐ Standard Conditions Not Included in Permit
- ☐ Generally Applicable Requirements
- ☐ Reporting/Monitoring for Diesel Engines
- ☐ Insignificant Emission Unit
- ☐ Stationary Source-Wide
- ☐ Other Section: (title of section and section # of your permit)

(b) Emission unit(s) Involved:

Identify the emission unit involved in the event, using the same identification number and name as in the permit. List the corresponding Permit condition and the deviation.

<u>EU ID</u>	<u>Emission Unit Name</u>	<u>Permit Condition /Potential Deviation</u>

(c) Description of Potential Deviation:

Describe briefly what happened and the cause. Include the parameters/operating conditions and the potential deviation.

(d) Corrective Actions:

Describe actions taken to correct the deviation or potential deviation and to prevent future recurrence.

Certification:

Based on information and belief formed after reasonable inquiry, I certify that the statements and information in and attached to this document are true, accurate, and complete.

Printed Name: _____ Title _____ Date _____

Signature: _____ Phone number _____

To Submit this report:

Fax this form to: 907-451-2187

Or

Email to: airreports@dec.state.ak.us

if emailed, the report must be certified within the Operating Report required for the same reporting period per condition 49.

Or

Mail to: ADEC
 Air Permits Program
 610 University Avenue
 Fairbanks, AK 99709-3643

Or

Phone notifications: 907-451-5173.

Phone notifications require written follow up report within the deadline listed in condition 48.

Or

Online submission of this report can be made at the following website (*Website is not yet available*). *If submitted online, the report must be certified within the Operating Report required for the same reporting period per condition 49.*

Alaska Department of Environmental Conservation

Air Permits Program

Kodiak Electric Association

Kodiak Generating Station

STATEMENT OF BASIS

of the terms and conditions for

Permit No. AQ0211TVP02

Prepared by Bob Morgan

June 21, 2007

INTRODUCTION

This document sets forth the statement of basis for the terms and conditions of Operating Permit No. AQ0211TVP02.

STATIONARY SOURCE IDENTIFICATION

Section 1 of Operating Permit No. AQ0211TVP02 contains information on the stationary source as provided in the Title V permit application.

The stationary source is owned and operated by Kodiak Electric Association, and Kodiak Electric Association is the Permittee for the stationary source's operating permit. The SIC code for this stationary source is 4911 Electrical Services.

The stationary source is a diesel-electric generating facility providing power to the City and borough of Kodiak, Alaska. The Kodiak Generating Station is located in the City of Kodiak at 615 Sargent Drive. The stationary source consists of four diesel-electric generators, a small standby generator, two fuel storage tanks, a heat exchanger bank and an electrical switchyard. The stationary source is dispatched in sequence behind the Terra Lake hydropower plant and the Nyman power plant providing power for peak demand, during periods of maintenance and for emergency outage conditions.

SOURCE INVENTORY AND DESCRIPTION

Under 18 AAC 50.326(a), the Department requires operating permit applications to include identification of "regulated emission units" and all emissions-related information, as described under 40 CFR 71.5(c)(3).

The emission units at the **Kodiak Generating Station** classified as "regulated emission units" according to the Department regulations are listed in Table 1 of Operating Permit No. AQ0211TVP02.

Table 1 of Operating Permit No. AQ0211TVP02 contains information on the sources regulated by this permit as provided in the application. The table is provided for informational and identification purposes only. Specifically, the source rating/size provided in the table is not intended to create an enforceable limit.

EMISSIONS

A summary of the potential to emit (PTE)¹⁴ and assessable PTE as provided for the **Kodiak Generating Station** from the most recent Construction Permit 211CP01 is shown below in Table A.

¹⁴ Potential to Emit or PTE means the maximum capacity of a stationary source to emit a pollutant under its physical or operational design. Any physical or operational limitation on the capacity of the source to emit a pollutant, including air pollution control equipment and restrictions on hours of operation or on the type or amount of material combusted, stored, or processed, shall be treated as part of its design if the limitation or the effect it

Table A - Emissions Summary, in Tons Per Year (TPY)

Pollutant	NO _x	CO	PM-10	SO ₂	VOC	HAPs	Total
PTE	549	117	6.4	37	24.3	1.2	734.9
Assessable PTE	549	117	0	37	24.3	0	727.3

The assessable PTE listed under condition 23.1 is the sum of the emissions of each individual regulated air pollutant for which the stationary source has the potential to emit quantities greater than 10 TPY. The emissions listed in Table A are estimates that are for informational use only. The listing of the emissions does not create an enforceable limit to the stationary source.

For criteria pollutants, potential emissions as shown in the initial Title V application were a total of 3529 TPY. The PTE and Assessable PTE as shown above were amended to reflect the reduced PTE from EU ID(s) 1, 2c, 3c, and 4 that incorporate the PSD Avoidance Limits from Construction Permit 211CP01. Potential emissions for EU 5 are not included in the total PTE. Condition 14 prevents simultaneous operation of EU 5 while all EU(s) 1, 2c, 3c, and 4 are operating online. Since the potential emissions from EU 5, a smaller standby generator, are minor compared to the other primary generators, the total PTE from EU ID(s) 1, 2c, 3c, and 4 represent maximum emissions.

The Department recalculated HAP emissions for the renewal permit using emission factors from US EPA Compilation of Air Pollution Factor, Volume I Stationary Point and Area Sources, AP-42, Fifth Edition, Table 3.4-4 as revised October 1996.

BASIS FOR REQUIRING AN OPERATING PERMIT

In accordance with 18 AAC 50.326(a), an owner or operator of a Title V source¹⁵ must obtain a Title V permit consistent with 40 C.F.R. Part 71, as adopted by reference in 18 AAC 50.040. This stationary source requires an operating permit because it is classified under:

- (1) 18 AAC 50.326(a) and 40 C.F.R. 71.3(a)(1). Any major stationary source (or any group of stationary sources) belonging to a single major industrial grouping and that
 - a. as defined in section 112 of the Act, emits or has the potential to emit, in the aggregate, 10 tpy or more of any hazardous air pollutant (HAP), 25 tpy or more of any combination of such HAPs, or such lesser quantity as the Administrator may establish by rule,
 - b. as defined in section 302 of the Act, directly emits, or has the potential to emit, 100 tpy or more of any air pollutant,

would have on emissions is federally enforceable. Secondary emissions do not count in determining the potential to emit of a stationary source, as defined in AS 46.14.990(23), effective 12/3/05.

¹⁵ "Title V source" means a stationary source classified as needing a permit under AS 14.130(b) [ref. 18 AAC 50.990(111)].

- c. as defined in part D of title I of the Act source, a major stationary source located in an ozone non-attainment areas and transport regions, carbon monoxide non-attainment areas, and particulate matter (PM-10) non-attainment areas.
- (2) 18 AAC 50.326(a) and 40 C.F.R. 71.3(a)(3). Any source, including an area source, subject to a standard or other requirement under section 112 of the Act (National Emission Standards for Hazardous Air Pollutants, NESHAP).

CURRENT AIR QUALITY PERMITS

Previous Air Quality Permit to Operate

The department issued the initial Air Quality Permit AQC-157A for the Kodiak Power Plant in December 1975. The department renewed the permit in 1979 and 1983. With adoption of new state air quality regulations in May 1980, Air Quality Control Permit No. 8321-AA002 was rescinded in June 1984. The facility was relocated prior to June 1994. The department received a new application in June 1994 and issued Air Quality Control to Operate No. 9425-AA010 in August 1994.

Construction Permits

Construction Permit No. 211CP01 was issued to this stationary source on January 12, 2005. The stationary source-specific requirements established in this construction permit are included in the new operating permit as described in Table B.

Title V Operating Permit Application, Revisions and Renewal History

The owner or operator submitted an application on November 28, 1997 and received by the Department on December 4, 1997.

After requesting and receiving supplemental information, the Department deemed the operating permit application complete on February 2, 1998.

The owner or operator amended this application on June 8, 1998.

Additional information was received from the Permittee on September 17, 1999 after a request from the permit engineer, Scott Bailey.

Revision No.1: An administrative revision to Permit No. AQ0211TVP01 was issued December 6, 2002. The administrative revision was to update conditions concerning emission fees in Section 3 of the permit to the standard permit condition for emission fees which was adopted by reference in 18 AAC 50 which became effective May 3, 2002.

The Department received the renewal application on August 10, 2004 and the permit application was deemed complete on September 8, 2004. The department renews the existing Operating Permit No.AQ0211TVP01 with Operating Permit No.AQ0211TVP02 effective Date.

COMPLIANCE HISTORY

The stationary source has operated at its current location since before 1975. A compliance letter was issued June 8, 2005 to present the results of an off-site full compliance evaluation for the period from 2002 through 2004. The compliance letter reported four procedural errors in record keeping and reporting. The Permittee sent a response on July 13, 2005 addressing each of the errors and proposed corrective action for future reports.

STATIONARY SOURCE-SPECIFIC REQUIREMENTS CARRIED FORWARD

State of Alaska regulation in 18 AAC 50.326(j) with reference to 40 CFR Part 71.6 requires that an operating permit include all emission limitations and standards, including those operational requirements and limitations that assure compliance with all applicable requirements at the time of permit issuance. These requirements include, but not limited to, each facility-specific requirement established in the most recent operating permit or in any other construction permit issued under 18 AAC 50 that are still in effect at the time of permit issuance. Table B below lists the requirements carried over from Construction Permit No. AQ0211CP01 into Operating Permit No. AQ0211TVP02.

Table B - Comparison of Construction Permit No. AQ0211CP01 Conditions to Operating Permit No. AQ0211TVP02 Conditions¹⁶

Permit No. AQ0211CP01 Condition number	Description of Requirement	Permit No. AQ0211TVP02 Condition Number	Explanation and how the condition was revised
1	Authorization to install new EU ID(s) 2c and 3c....	None	Requirement fulfilled, installation completed prior to permit renewal
2	Submit vendor specs, make, model, serial number and startup dates...	None	Requirement fulfilled, information submitted prior to permit renewal
3	Permittee may elect to install equivalent engines of no greater capacity...	None	Not applicable, emission units installed as specified.
4	Decommission and remove existing EU ID(s) 2 and 3 within 90 days...	None	Requirement fulfilled, existing emission units removed prior to startup of new units.
5	Owner Requested Limit to Avoid PSD for NO _x and SO ₂	10	211CP01 permit language ... "per 12-month rolling period." was changed in AQ0211TVP02 condition 10 to ... "per consecutive 12-month period."
6, 6.1, 6.2, 6.3, and 6.4	Monitoring (& record keeping of) NO _x	11, 11.1, 11.2, 11.3, 11.4, and Table 2	211CP01 permit language for condition 6.4... "12-month

¹⁶ This table does not include all standard and general conditions.

Permit No. AQ0211CP01 Condition number	Description of Requirement	Permit No. AQ0211TVP02 Condition Number	Explanation and how the condition was revised
	emissions		rolling” was changed in AQ0211TVP02 condition 11.4 to...”consecutive 12-month” and a note of explanation was added for clarification. The emission factors and calculation method in Table 2 was changed from vendor data to reflect actual emission data from the Sept. 1, 2005 source test of unit 3c.
7, 7.1, 7.2, 7.3, and 7.4	Monitoring (& record keeping of) SO ₂	9.1, 9.2, 9.3 12, 12.1, 12.2, 12.3, and 12.4	211CP01 permit language for condition 7.4...”12-month rolling” was changed in AQ0211TVP02 condition 12.4 to...”consecutive 12-month”
8, 8.1 and 8.2	Reporting of consecutive 12-month total emissions of NO _x and SO ₂ with excess emission and permit deviations	13, 13.1, and 13.2	211CP01 permit language for conditions 8.1 and 8.2...”12-month rolling” was changed in AQ0211TVP02 conditions 13.1 and 13.2 to...”consecutive 12-month”
9, 9.1, 9.2, 9.3, 9.4, and 9.5	Source testing requirements	None	Requirement fulfilled by the August 30 – September 1, 2005 source test conducted on Emission Unit 3c.
10 and 10.1	“Kirk Key” operations and reporting	14 and 14.1	Revisions were made to the permit language to identify the newly installed EU ID(s) 2c and 3c.
11, 11.1, and 11.2	Visible Emission standard MR&R	1, 2, 3, and 4	The visible emission standard, MR&R of 211CP01 conditions 11 and 11.2 are already enforced under AQ0211TVP02 conditions 1 - 4. Condition 11.1 for initial VE(s) of EU ID(s) 2c and 3c was not carried forward to AQ0211TVP01 because the requirement had been fulfilled prior to permit issuance.
12	Particulate matter emission standard and MR&R	5, 6, 7, and 8	The PM standard, MR&R of 211CP01 condition 12 is already enforced under AQ0211TVP02

Permit No. AQ0211CP01 Condition number	Description of Requirement	Permit No. AQ0211TVP02 Condition Number	Explanation and how the condition was revised
			SIP conditions 6 - 8
13	Sulfur compounds emission standard MR&R	9	The sulfur standard, MR&R of 211CP01 condition 13 is already enforced under AQ0211TVP02 SIP condition 9

STATEMENT OF BASIS FOR THE PERMIT CONDITIONS

The state and federal regulations for each condition are cited in Operating Permit No. AQ0211TVP02.

Conditions 1 and 2 - 4 Visible Emissions Standard and MR&R

Applicability: This regulation applies to operation of all fuel-burning equipment as required by the Alaska State Implementation Plan (SIP). EU ID(s) 1, 2c, 3c, 4, and 5 are fuel-burning equipment.

Factual basis: Condition 1 requires the Permittee to comply with the federal and the state visible emission standards applicable to fuel-burning equipment and incinerators. The Permittee shall not cause or allow the equipment to violate these standards.

This condition has recently been adopted into regulation as a standard condition. MR&R requirements are listed in conditions 2 through 4 of the permit.

The Permittee must establish by actual visual observations which can be supplemented by other means, such as a defined Stationary Source Operation and Maintenance Program, which the stationary source is in continuous compliance with the State's emission standards for visible emissions and particulate matter.

These conditions detail a stepwise process for monitoring compliance with the State's visible emissions and particulate matter standards for liquid and gas fired sources. Equipment types covered by these conditions are internal combustion engines, turbines, heaters, boilers, and flares. Initial monitoring frequency schedules are established along with subsequent reductions or increases in frequency depending on the results of the self-monitoring program.

Monitoring frequencies for hydrocarbon fuels, both liquid and gaseous, are detailed in these conditions. The monitoring intervals for gaseous fuels are less frequent than for liquid fuels in recognition of the reduced propensity of gaseous fuels to produce particulate matter as a result of combustion. This reduced level of monitoring for individual facilities in conjunction with the very large number of gas fired sources in Alaska should provide the Department with sufficient data to evaluate the compliance history of these sources as a category.

Reasonable action thresholds are established in these conditions that require the Permittee to progressively address potential visible emission problems from sources either through

maintenance programs and/or more rigorous tests that will quantify whether a specific emission standard has been exceeded.

Liquid Fired:

Monitoring – The visible emissions may be observed by either Method-9 or the Smoke/No Smoke plans as detailed in condition 2.1. Corrective actions such as maintenance procedures and either more frequent or less frequent testing may be required depending on the results of the observations.

Recordkeeping - The Permittee is required to record the results of all visible emission observations and record any actions taken to reduce visible emissions.

Reporting - The Permittee is required to report: 1) emissions in excess of the federal and the state visible emissions standard and 2) deviations from permit conditions. The Permittee is required to include copies of the results of all visible emission observations with the stationary source operating report.

Insignificant Emission Unit:

EU ID 5 is a standby diesel electric generator and is only used to bring the facility back online. As long as annual operations hours do not exceed 400 hours, under 18 AAC 326(e), EU ID 5 is considered an insignificant emission unit based on actual emissions. This reduces the MRR requirement to the annual certification of compliance with visible emission standards of condition 1. If for any reason EU ID 5 operations exceed 400 hours, the actual emissions may exceed the minimum threshold emissions specified in 18 AAC 50.326(e) and the MRR of conditions 2 -4 will be required.

Conditions 5 and 6 - 8 Particulate Matter (PM) Standard

Applicability: The PM standard applies to operation of all fuel burning equipment in Alaska. EU ID(s) 1, 2c, 3c, 4, and 5 are fuel-burning equipment. The SIP standard for PM applies to all fuel-burning equipment because it is contained in the federally approved SIP dated October 1983.

Factual basis: Condition 5 requires the Permittee to comply with the PM (also called grain loading) standard applicable to fuel-burning equipment. The Permittee shall not cause or allow fuel-burning equipment to violate this standard.

MR&R requirements are listed in conditions 6 - 8 of the permit.

The Permittee must establish by actual visual observations which can be supplemented by other means, such as a defined Stationary Source Operation and Maintenance Program, which the stationary source is in continuous compliance with the State's emission standards for particulate matter.

These conditions detail a stepwise process for monitoring compliance with the State's particulate matter standards for liquid fired emission units. Equipment types covered by these conditions are internal combustion engines, turbines, heaters, and boilers. Initial monitoring frequency schedules are established along with subsequent reductions or increases in frequency depending on the results of the self-monitoring program. Monitoring frequencies for liquid hydrocarbon fuel is detailed in these conditions.

Liquid Fired:

Monitoring – The Permittee is required to conduct PM source testing if threshold values for opacity are exceeded.

Recordkeeping - The Permittee is required to record the results of PM source tests.

Reporting - The Permittee is required to report: 1) incidents when emissions in excess of the opacity threshold values have been observed, 2) and results of PM source tests. The Permittee is required to include copies of the results of all visible emission observations with the stationary source operating report.

Condition 9, Sulfur Compound Emissions

Applicability: The sulfur emission standard applies to operation of all fuel-burning equipment in the State of Alaska. EU ID(s) 1, 2c, 3c, 4, and 5 are fuel-burning equipment. The SIP standard for sulfur dioxide applies because it is contained in the federally approved SIP dated October 1983.

Factual basis: The condition requires the Permittee to comply with the sulfur compound emission standard applicable to fuel-burning equipment. The Permittee shall not cause or allow sulfur compound emissions, expressed as SO₂, from EU ID(s) 1, 2c, 3c, 4 and 5 to exceed 500 ppm averaged over three hours. The Permittee has a more stringent sulfur standard in the pre-construction requirement of 0.5 percent by weight in Condition 12. The 0.5 percent by weight fuel sulfur requirement is a PSD avoidance limit established in Construction Permit No. 211CP01. Compliance with the 0.5 percent fuel sulfur limit will assure compliance with the 500 ppm SO₂ standard.

Permittee shall demonstrate compliance with the monitoring, recordkeeping and reporting requirements under Conditions 9.2, 9.3, 9.4, 12 and 13.

Conditions 10 - 14, Pre-Construction Permit Requirements

Applicability: These source specific requirements apply because they were carried forward from a previous construction permit for compliance with the attainment or maintenance of ambient air quality standards or maximum allowable ambient concentrations, as well as, PSD avoidance and BACT limits.

Factual Basis: Condition 10 establishes owner requested emission limits for nitrogen oxides (NO_x) and sulfur dioxide (SO₂) to avoid a PSD review.

Conditions 11 and 11.1 - 11.4 establish the monitoring and recordkeeping requirements to determine and document compliance with the NO_x emission limit. Condition 11.3 provides emission calculation equations (presented in Table 2) for each EU ID(s) 1, 2c, 3c, and 4.

Conditions 12 and 12.1 establish an emission limit for SO₂. Conditions 12.2 - 12.4 establish the monitoring, emission calculation method and recordkeeping requirements to document compliance with the SO₂ emission limit.

Conditions 13, 13.1, and 13.2 are requirements to report compliance with the NO_x and SO₂ emission limits.

Condition 14 was carried forward from condition 6 of the stationary sources initial operating permit AQ0211TVP01. This condition was established to avoid a PSD review. The Permittee needed to prevent the ability of the 250 kW generator (EU ID 5) to operate simultaneously with all the EU ID(s) 1, 2c, 3c, and 4. This was done with the interlocking

switch referenced in the condition. Condition 14.1 is the reporting requirement should the interlocking switch become inoperable.

Condition 15, Insignificant Sources

Applicability: These general emission standards apply to all industrial processes, fuel-burning equipment, and incinerators regardless of size.

Factual basis: The condition re-iterates the general standards and requires compliance for insignificant sources. The Permittee may not cause or allow their equipment to violate these standards. Insignificant sources are not listed in the permit unless specific monitoring, recordkeeping and reporting are necessary to ensure compliance.

The initial permit application noted four insignificant emission sources resulting from normal plant operations. These include: 1) loading and unloading of volatile organic liquids into fuel storage tanks; 2) working and breathing losses from the diesel fuel storage tanks; 3) welding operations using less than 50 pounds of welding rods per day, and; 4) emissions associated with cleaning equipment surfaces with less than 10 square feet using a non-hazardous solvent. The Department finds that the insignificant sources at this stationary source do not need specific monitoring, recordkeeping and reporting to ensure compliance under these conditions.

Condition 15.1 requires annual certification that the sources did not exceed state emission standards during the previous year and did not emit any prohibited air pollution.

Condition 15.2 requires the permittee to investigate, record, and report any emissions that present a potential threat to human health or safety, whether those emissions are identified by plant personnel or received as a public complaint.

State air quality regulations adopted effective May 3, 2002 allow for an average six minute opacity observation. The existing regulation, limiting opacity to no more than 20% for more than 3 minutes in any one hour, is included because EPA Region X has not formally approved the changed opacity regulation as part of Alaska's SIP.

Conditions 19 - 21, Standard Terms and Conditions

Applicability: Apply because these are standard conditions to be included in all permits.

Factual Basis: These are standard conditions required under 18 AAC 5.0345(a) and (e)-(g) for all operating permits.

Conditions 22, Administration Fees

Applicability: This condition requires the permittee, owner, or operator to pay administration fees as set out in regulation. Paying administration fees is required as part of obtaining and holding a permit with the department or as a fee for a department action.

Factual Basis: The owner or operator of a stationary source who is required to apply for a permit under AS 46.14.130 shall pay to the department all assessed permit administration fees. The regulations in 18 AAC 50.400-405 specify the amount, payment period, and the frequency of fees applicable to a permit action.

Conditions 23 - 24, Emission Fees

Applicability: The regulations require all permits to include due dates for the payment of fees and any method the Permittee may use to re-compute assessable emissions.

Factual Basis: These standard conditions require the Permittee to pay fees in accordance with the Department's billing regulations. The billing regulations set the due dates for payment of fees based on the billing date.

The default assessable emissions are emissions of each air pollutant authorized by the permit (AS 46.14.250(h)(1)(A)). Air pollutant means any regulated air pollutant and any hazardous air pollutant. Therefore, assessable emissions under AS 46.14.250(h)(1)(A) means the **potential** to emit any air pollutant identified in the permit, including those not specifically limited by the permit. For example, hydrogen chloride (HCL) emissions from an incinerator are assessable emissions because they are a hazardous air pollutant, even if there is currently no emission limit on HCL for that class of incinerator.

The conditions also describe how the Permittee may calculate **actual** annual assessable emissions based on previous actual annual emissions. According to AS 46.14.250(h)(1)(B), assessable emissions are based on each air pollutant. Therefore, fees based on actual emissions must also be paid on any pollutant emitted whether or not the permit contains any limitation of that pollutant.

This standard condition specifies that, unless otherwise approved by the Department, calculations of assessable emission based on actual emissions use the most recent previous calendar year's emissions. Since each current year's assessable emission are based on the previous year, the Department will not give refunds or make additional billings at the end of the current year if the estimated emissions and current year actual emissions do not match. The Permittee will normally pay for actual emissions - just with a one-year time lag.

Projected actual emissions may differ from the previous year's actual emissions if there is a change at the stationary source, such as changes in equipment or an emission rate from existing equipment.

If the Permittee does not choose to annually calculate assessable emissions, emissions fees will be based on "potential to emit" (PTE).

The PTE set forth in the condition is based on liquid fuel with a sulfur content of 0.5 percent by weight. If the actual sulfur content of the fuel is greater than these assumptions, the assessable emissions calculations provided by the Permittee should reflect the actual sulfur content. The change in these values may result in SO₂ emissions that could trigger PSD.

Condition 25, Good Air Pollution Control Practice

Applicability: Applies to all sources.

Factual basis: The condition requires the Permittee to comply with good air pollution control practices for all sources.

Maintaining and operating equipment in good working order is fundamental to preventing unnecessary or excess emissions. Standard conditions for monitoring compliance with emission standards are based on the assumption that good maintenance is performed. Without appropriate maintenance, equipment can deteriorate more quickly than with appropriate maintenance. If appropriate maintenance is not applied to the equipment, the Department may have to apply more frequent periodic monitoring requirements (unless the monitoring is already continuous) to ensure that the monitoring results are representative of actual emissions.

The Permittee is required to keep maintenance records to show that proper maintenance procedures were followed, and to make the records available to the Department. The Department may use these records as a trigger for requesting source testing if the records show that maintenance has been deferred.

Condition 26, Dilution

Applicability: This state regulation applies to the Permittee because the Permittee is subject to emission standards in 18 AAC 50.

Factual Basis: The condition prohibits the Permittee from diluting emissions as a means of compliance with any standard in 18 AAC 50.

Condition 27, Reasonable Precautions to Prevent Fugitive Dust

Applicability: Bulk material handling requirements apply to the Permittee because the Permittee will engage in bulk material handling, transporting, or storing; or will engage in industrial activity at the facility.

This condition applies to operating permits for facilities that do not have an approved dust control plan, and contain one of the following sources: coal-fired boilers; coal handling facilities; construction of gravel pads or roads that are part of a permitted stationary source or other construction that has the potential to generate fugitive dust that reaches ambient air; commercial/industrial/municipal solid waste, air curtain, and medical waste incinerators; sewage sludge incinerators not using wet methods to handle that ash; mines; urea manufacturing; soil remediation units; or dirt roads under the control of the operator with frequent vehicle traffic.

Factual Basis: The underlying regulation, 18 AAC 50.045(d), requires the Permittee to take reasonable action to prevent particulate matter (PM) from being emitted into the ambient air.

Not all facilities have the potential to generate fugitive dust during the life of the permit. The Department will determine whether precautions are reasonable based on a variety of factors, including the distance to the stationary source boundaries, nature and content of the dust, proximity to neighbors, and the nature of the activity. This condition applies to the types of sources or activities that are likely to generate fugitive dust as identified above. It allows the precautions that are identified under the permit to be appropriate and specific to the activities conducted by the Permittee.

Condition 28, Stack Injection

Applicability: Stack injection requirements apply to the stationary source because the stationary source contains a stack or source constructed or modified after November 1, 1982.

Factual Basis: The condition prohibits the Permittee from releasing materials other than process emissions, products of combustion, or materials introduced to control pollutant emissions from a stack (i.e. disposing of material by injecting it into a stack). No specific monitoring for this condition is practical. Compliance is ensured by inspections, because the source or stack would need to be modified to accommodate stack injection.

Condition 29, Air Pollution Prohibited

Applicability: Air Pollution Prohibited requirements apply to the stationary source because the stationary source will have emissions.

Factual Basis: The condition prohibits the Permittee from causing any emission which is injurious to human health or welfare, animal or plant life, or property, or which would unreasonably interfere with the enjoyment of life or property. While the other permit conditions and emissions limitation should ensure compliance with this condition, unforeseen emission impacts can cause violations of this standard. These violations would go undetected except for complaints from affected persons. Therefore, to monitor compliance, the Permittee must monitor and respond to complaints.

The Permittee is required to report any complaints and injurious emissions. The Permittee must keep records of the date, time, and nature of all complaints received and summary of the investigation and corrective actions undertaken for these complaints and to submit copies of these records upon request of the Department.

The Department will determine whether the necessary actions were taken. No corrective actions are necessary if the complaint is frivolous or there is not a violation of 18 AAC 50.110, however this condition is intended to prevent the Permittee from prejudging that complaints are invalid.

Condition 30, Technology-Based Emission Standard

Applicability: Technology Based Emission Standard requirements apply to the stationary source because the stationary source contains equipment subject to a technology-based emission standard, such as BACT, MACT, LAER, NSPS or other "technologically feasible" determinations.

Factual Basis: The Permittee is required to take reasonable steps to minimize emissions if certain activity causes an exceedance of any technology-based emission standard in this permit. The conditions of this permit list applicable technology-based emission standards and require excess emission reporting for each standard in accordance with condition 48. Excess emission reporting under condition 48 requires information on the steps taken to minimize emissions. Monitoring of compliance for this condition consists of the report required under condition 48.

Condition 31, Asbestos NESHAP

Applicability: The asbestos demolition and renovation requirements apply if the Permittee engages in asbestos demolition or renovation.

Factual Basis: The condition requires the Permittee to comply with asbestos demolition or renovation requirements in 40 C.F.R. 61, Subpart M. Because these regulations include adequate monitoring and reporting requirements and because the Permittee is not currently engaged in such activity, simply citing the regulatory requirements is sufficient to ensure compliance with these federal regulations.

Condition 32, Refrigerant Recycling and Disposal

Applicability: Applies if the Permittee engages in the recycling or disposal of certain refrigerants.

Factual Basis: The condition requires the Permittee to comply with the standards for recycling and emission reduction of refrigerants set forth in 40 C.F.R. 82, Subpart F, that will apply if the Permittee uses certain refrigerants. Because these regulations include adequate monitoring and reporting requirements and because the Permittee is not currently engaged in such activity, simply citing the regulatory requirements is sufficient.

Condition 33, NESHAPs Applicability Determinations

Applicability: The Permittee has the responsibility to determine if specific federal regulations apply to its facilities.

Factual basis: The Permittee has conducted an analysis of the stationary source and determined that is not a major HAPs stationary source based on emissions. This condition requires the Permittee to keep and make available to the Department copies of the major stationary source determination.

Condition 34, Requested Source Tests

Applicability: Applies because this is a standard condition to be included in all permits.

Factual Basis: The Permittee is required to conduct source tests as requested by the Department. Monitoring consists of conducting the requested source test.

Conditions 35 - 37, Operating Conditions, Reference Test Methods, Excess Air Requirements

Applicability: Apply because the Permittee is required to conduct source tests by this permit.

Factual Basis: The Permittee is required to conduct source test as set out in conditions 35 through 37. These conditions supplement the specific monitoring requirements stated elsewhere in this permit. Compliance monitoring with conditions 35 through 37 consist of the test reports required by condition 42.

Condition 38, Test Exemption

Applicability: Applies when the source exhaust is observed for visible emissions.

Factual Basis: As provided in 18 AAC 50.345(a), 5/03/02, the requirements for test plans, notifications and reports do not apply to visible emissions observations by smoke readers, except in connection with required particulate matter testing.

Conditions 39 - 42, Test Deadline Extension, Test Plans, Notifications and Reports

Applicability: Apply because the Permittee is required to conduct source test by this permit.

Factual Basis: Standard conditions 18 AAC 50.345(l) - (o) are incorporated through these conditions. These standard conditions supplement specific monitoring requirements stated elsewhere in this permit. The source test itself monitors compliance with this condition.

Condition 43, Particulate Matter (PM) Calculations

Applicability: Applies when the Permittee tests for compliance with the PM standard.

Factual Basis: The condition incorporates a regulatory requirement for PM source tests. The Permittee must use the equation given in this condition to calculate the PM emission concentration from the source test results. This condition supplements specific monitoring requirements stated elsewhere in this permit.

Condition 44, Recordkeeping Requirements

Applicability: Applies because the Permittee is required by the permit to keep records.

Factual Basis: The condition restates the regulatory requirements for recordkeeping, and supplements the recordkeeping defined for specific conditions in the permit. The records being kept provide an evidence of compliance with this requirement.

Condition 45, Certification

Applicability: This is a standard condition to be included in all permits and applies because every permit requires the Permittee to submit reports.

Factual Basis: This condition requires the Permittee to certify all reports submitted to the Department. To ease the certification burden on the Permittee, the condition allows the excess emission reports to be **certified** with the stationary source report, even though it must still be **submitted** more frequently than the stationary source operating report. This condition supplements the reporting requirements of this permit.

Condition 46, Submittals

Applicability: Applies because the Permittee is required to send reports to the Department.

Factual Basis: This condition requires the Permittee to send submittals to the address specified in this condition. Receipt of the submittal at the correct Department office is sufficient monitoring for this condition. This condition supplements the reporting requirements of this permit.

Condition 47, Information Requests

Applicability: Applies to all Permittees, and incorporates a standard condition.

Factual Basis: This condition incorporates a standard condition in regulation, which requires the Permittee to submit information requested by the Department. Monitoring consists of receipt of the requested information.

Condition 48, Excess Emission and Permit Deviation Reports

Applicability: Applies when the emissions or operations deviate from the requirements of the permit.

Factual Basis: This condition satisfies two state regulations related to excess emissions - the technology-based emission standard regulation and the excess emission regulation. Although there are some differences between the regulations, the condition satisfies the requirements of each regulation.

In accordance with 40 CFR 71.6(a)(3)(iii)(C), a deviation is not always a violation. For a situation lasting more than 24 hours which constitute a deviation, each 24 hour period is considered a separate deviation. "Deviation" as defined in 40 CFR 71 means both "excess emission" and "permit deviation" as used in this permit, which includes:

1. a situation where emissions exceed an emission limitation or standard;
2. a situation where process or emissions control device parameter values indicate that an emission limitation or standard has not been met;
3. a situation in which observations or data collected demonstrate noncompliance with an emission limitation or standard or any work practice or operating condition required by the permit (including indicators of compliance revealed through parameter monitoring);
4. a situation in which any testing, monitoring, recordkeeping or reporting required by this permit is not performed or not performed as required;
5. a situation in which an exceedance or an excursion, as defined in 40 C.F.R. Part 64, occurs; and,
6. failure to comply with a permit term that requires submittal of a report.

In accordance with 18 AAC 50.990(35) "excess emissions" means emissions of an air pollutant in excess of any applicable emission standard or limitation which is item 1 of the above definitions from 40 C.F.R. 71. These definitions shall be considered in determining an "excess emissions" or "permit deviation" when reporting an occurrence using the ADEC notification form.

The reports themselves and the other monitoring records required under this permit provide monitoring of whether the Permittee has complied with the condition. Please note that there may be additional federally required excess emission reporting requirements.

Condition 49, Operating Reports

Applicability: Applies to all permits.

Factual Basis: The condition restates the requirements for reports listed in 18 AAC 50.326(j)(3) and 18 AAC 50.346(b)(6) as authorized under 40 C.F.R. 71.6(a)(3)(iii)(A). The condition supplements the specific reporting requirements elsewhere in the permit. The reports themselves provide monitoring for compliance with this condition.

Condition 50, Annual Compliance Certification

Applicability: Applies to all Permittees.

Factual Basis: The condition restates the requirements listed in 18 AAC 50.205, 18 AAC 50.326(j), 18 AAC 50.345(a) and (j), as authorized under 40 C.F.R. 71.6(c)(5). This condition specifies the periodic compliance certification requirements, and specifies a due date for the annual compliance certification. The reports themselves provide monitoring for compliance with this condition.

Condition 51, NSPS and NESHAP Reports

Applicability: Applies to emission units subject to NSPS or NESHAP federal regulations.

Factual Basis: The condition supplements the specific reporting requirements in 40 C.F.R. 60, 40 C.F.R. 61, and 40 C.F.R. 63. The reports themselves provide monitoring for compliance with this condition.

Conditions 52 - 54, Permit changes and revisions requirements

Applicability: Applies because these are standard conditions to be included in all operating permits.

Factual Basis: These are conditions required in 40 CFR 71.6 for all operating permits to allow changes within a permitted stationary source without requiring a permit revision.

The Permittee did not request trading of emission increases and decreases as described in 71.6(a)(13)(iii).

Condition 55, Permit Renewal

Applicability: Applies if the Permittee intends to renew the permit.

Factual Basis: In accordance with AS 46.14.230(a), this operating permit is issued for a fixed term of five years after the date of issuance, unless a shorter term is requested by the permit applicant. The Permittee is required to submit an application for permit renewal by the specific dates applicable to **Kodiak Generating Station** as listed in this condition. As stated in 40 CFR 71.5(a)(1)(iii), submission for a permit renewal application is considered timely if it is submitted at least six months but no more than eighteen months prior to expiration of the operating permit. According to 71.5(a)(2), a complete renewal application is one that provides all information required pursuant to 40 CFR 71.5(c) and must remit payment of fees owed under the fee schedule established pursuant to 18 AAC 50.400. 40 CFR 71.7(b) states that if a source submits a timely and complete application for permit issuance (including renewal), the source's failure to have a permit is not a violation until the permitting authority takes final action on the permit application. Therefore, for as long as an application has been submitted within the timeframe allowed under 40 CFR 71.5(a)(1)(iii), and is complete before the expiration date of the existing permit, then the expiration of the existing permit is extended and the Permittee has the right to operate under that permit until the effective date of the new permit. However, this protection shall cease to apply if, subsequent to the completeness determination, the applicant fails to submit by the deadline specified in writing by the Department any additional information needed to process the application. Monitoring, recordkeeping, and reporting for this condition consist of the application submittal.

Conditions 56 - 61, General Compliance Requirements and Schedule

Applicability: Apply because these are standard conditions to be included in all permits.

Factual Basis: In accordance with state regulations 18 AAC 50.326(j)(3) and 18 AAC 50.345(a, b, c, d, and h), these are standard conditions for compliance required for all operating permits. Noncompliance with a permit condition constitutes a violation of AS 46.14.120(c) and 18 AAC 50.

Conditions 62 - 63, Permit Shield

Applicability Apply because the Permittee has requested a shield for the applicable requirements listed under this condition.

Factual Basis: A permit shield is provided for two identical fuel storage tanks, EU ID(s) 6 and 7. The Permittee certified that the tanks hold only diesel fuel. The New Source Performance Standards for fuel storages tanks under 40 C.F.R. 60, Subparts K, Ka, and Kb do not apply because the tank capacities are too small and the tanks were installed prior to the applicability dates for K, Ka, and Kb.